



MONTANA LEGISLATIVE BRANCH

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DATE: December 3, 2003

TO: Legislative Finance Committee

FROM: Pat Gervais, Senior Fiscal Analyst

RE: Temporary Assistance for Needy Families (TANF) and Childcare

At the October 2003 Legislative Finance Committee (LFC) meeting, the LFC heard a report updating the committee on actions taken regarding the Temporary Assistance for Needy Families (TANF) program since the adjournment of the last legislative session. This memo further updates the LFC on TANF caseload statistics and the childcare program.

The number of TANF cases receiving cash assistance has continued to drop. The cash assistance caseload has declined from 6,185 in July to 5,310 in November. Due to the decline in the caseload and the reduction in the monthly cash benefit paid to families, cash assistance costs have decreased from \$2.8 million in July to \$1.8 million in November. It is interesting to note that there was not a significant change between October and November caseload and costs. This may be an indication that the caseload is returning to a more "normal" pattern and that no further caseload reduction due to the reduction in the cash assistance benefit level will occur.

Additional data about the change in the caseload, including data from a survey of former cash assistance recipients that the Department of Public Health and Human Services (DPHHS) is in the process of conducting, will be available in the coming months. DPHHS is also in the process of developing policies and procedures for the provision of some assistance for families experiencing "extreme hardships". These policies and procedures should be finalized in the next month or two.

At the October 2003 LFC meeting the department presented the LFC with the DPHHS plan for use of excess TANF funds that will or may exist due to the receipt of a TANF performance bonus and the reduction in the cash assistance caseload. Department staff indicated that their plan for the use of excess TANF funds has not changed since that time. However, the following additional information is available.

The department is planning to shift some excess TANF funds to fund childcare services in the 2007 biennium. If the projected amount of excess TANF funds increases, the department's priority is to carry those funds forward into the 2007 biennium to maintain funding for childcare

at the current level of about \$25 million per year. This is the level of funding expended in fiscal 2002 and that the legislature sought to maintain in the 2005 biennium.

Department staff also indicated that eligibility for childcare subsidies had been returned to the fiscal 2002 level, by increasing the income eligibility level from 125 percent of the federal poverty level to 150 percent. This change has been implemented and there are currently no families on the waiting list for childcare subsidies. Department staff indicated they hope to have sufficient TANF funds to carry forward and transfer to childcare in the 2007 biennium to maintain childcare eligibility at this level.